

FISCAL NOTE
HB 2177 - SB 2640

March 17, 2004

SUMMARY OF BILL: Repeals workers' compensation law and prohibits employer from using common law defenses of fellow-servant exception to master's vicarious liability, assumption of risk, or contributory or comparative negligence.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$41,365,661

Increase State Expenditures:

Exceeds \$18,000,000/State Group Health Insurance Program

Exceeds \$100,000 / TennCare

Decrease State Expenditures:

Claims Award Fund - Net Impact - \$21,324,495

Department of Labor and Workforce Development - Exceeds \$6,674,000

Decrease Local Govt. Expenditures - Exceeds \$20,000,000

Increase Federal Expenditures - Exceeds \$200,000 / TennCare

Estimate assumes:

- a savings from workers' compensation claims to the Claims Award Fund from claims filed and paid. In FY 02/03 the state received 3,969 new claims and paid out a total of \$21,024,495. The average claim payment was \$5,297.
- expenditures would shift to the State's Group Health Insurance Program.
- a decrease in expenditures of \$6,674,000 to the Department of Labor and Workforce Development from the elimination of 116 positions.
- the amount of decrease in expenditures to Local Governments cannot be determined but is estimated to exceed \$20,000,000.
- decreased revenues from taxes collected from workers' compensation insurance in the licensed voluntary market as well as self-insured groups and self-insured employers. Actual 2003 premium tax numbers are as follows: workers' compensation surcharge \$3,223,041; workers' compensation voluntary market \$25,786,200; workers' compensation self-insured \$12,356,400.
- unclear whether state employees would be entitled to file claims under the governmental tort liability act. If such negligence claims are allowed, the state would be liable for damages up to the sum of \$300,000 per claimant and \$1,000,000 per occurrence.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director